

## **General Update**

### **Investments**

As has been previously explained, for the fiscal year ending June 30, 2009, ATRS had an 18% loss in its trust fund. The ATRS loss was less than the average of its peer group of retirement plans but was still large. The public markets were ravaged by the financial crisis in late 2008 and early 2009. ATRS uses actuarial assumptions that an average year will provide an 8% return. When you couple the 18% actual loss with the assumed 8% positive return, the actuarial view of the ATRS loss was a loss of 26%.

Thankfully the results for the fiscal year that began July 1, 2009, thus far has been a significant improvement and change from last year's results. The results reported by the ATRS financial consultant for the period from July 1, 2009, through September 30, 2009, reflect an 11.7% increase in value of the trust fund. ATRS exceeded its performance benchmarks by 1.2% for the quarter. The ATRS assets climbed in value to over \$9.8 billion. Based on ATRS internal tracking, October 2009 was a break-even month with a slightly negative result. Thus far, November 2009 has been a positive month with internal tracking reflecting gains of just over 2.5% with an increase of over \$200 million dollars. ATRS is hopeful that the positive market results thus far in 2009 will continue.

### **Actuarial Valuation Soon**

The actuaries are continuing to work on the final actuarial evaluation for ATRS for the period ending June 30, 2009. The actuarial evaluation is based on many factors including the trust fund results, the number of retirements, the number of disability retirees, the mortality results and other member driven factors. ATRS is only valued once a year for actuarial purposes. The results will not be an improvement from last year due to the market results. At the close of last year, the liabilities to be covered by future contributions and income were just over 2 billion dollars and would have required ATRS about 22 years to pay off using current assumptions. The unfunded liabilities and the number of years to pay the unfunded liabilities will increase as of June 30th due to the market losses. However, the rebound in the last quarter of the ATRS Fiscal Year was beneficial in making the results less traumatic.

### **November Retiree/T-Drop Payments**

ATRS staff just ran retiree payments and T-Drop account accruals for November. I always look at the monthly payouts and accruals to monitor ATRS payment activity. I am including some information that is of interest from the November report. The total of all retirement payments and T-Drop account accruals in November will be \$58.7 million dollars. Payments to 30,422 ATRS retirees and beneficiaries by ATRS will equal \$45.5 million. Of the \$45.5 million, \$1.8 million will be paid on behalf of retirees for

memberships, insurance, and other vendors. In addition, ATRS will withhold income taxes on behalf of retirees and beneficiaries in the amount of \$5.3 million dollars.

This represents a total of \$50.8 million dollars that will be paid to or on behalf of ATRS retirees and their beneficiaries in November. The average benefit paid in November, will be about \$1,665. Amounts accrued by the 4,553 T-Drop member accounts were \$7.9 million dollars. The average T-Drop account will accrue over \$1,700 dollars in the month of November.

### **Other Matters – January Retirement Schedule**

January is always the second highest month in the number of retirees. Remember, if you plan to retire with a January retirement date, you must submit your retirement application on or before November 30, 2009. Also remember that the ATRS separation period is now 180 days unless you are over 65 years of age or have more than 38 years of service recognized by ATRS. If you are over 65, then no separation period is required. If you have 38 or more years of service, then the separation period is 30 days. Arkansas law sets the separation period for all other members at 180 days. Termination as defined by ATRS must occur during the full termination separation period that applies to the member.

### **Disability Retirees**

Remember if you are a disability retiree, under the current law, you cannot work for an ATRS employer and remain on ATRS disability. Any wages paid to you by an ATRS employer will remove you as a disability retiree. If you have any questions about employment if you are an ATRS disability retiree, please call ATRS first before you make any commitment to work for an ATRS employer for even a part of a day.

### **Purchase of Service and Contributory Status- Discover Your Options**

If you have noncontributory service you may pay ATRS to make the service contributory. Also, you may have withdrawn your contributions in the past when separating from ATRS service. You may have not reinstated that prior service. You may reinstate that service by repaying your withdrawal plus interest upon return to work for an ATRS employer. In addition, you may have service that may be purchased, such as out-of-state service, private school service, military service, or other ATRS recognized service.

If you would like to explore the procedures and costs to purchase or repay service credit, then ATRS staff is ready to help you get fully informed about the costs and rules. You should not worry about or fail to act out of fear of making the contact, ATRS staff is anxious to provide assistance and to help you consider your options. For instance, ATRS staff can assist you in providing an estimate of what it would take to convert noncontributory years to contributory years.

Importantly, ATRS still allows members to use pre-tax plan transfers from another administrator like an IRA to purchase this service. If you have any questions, then call ATRS for assistance. ATRS is here to serve you. The toll free number outside Little Rock is (800) 666-2877. In the local area the telephone number is (501) 682-1517.

### **Paperless ATRS Board Meetings Are Planned**

On December 7, 2009, ATRS will begin beta testing a "paperless" Board meeting concept. This is not a new concept. Some version of paperless meetings is being increasingly used around the country to reduce the use of paper goods and storage requirements, and to make the meeting materials more portable. As part of the ATRS meeting preparation, materials used by the Board of Trustees will be assembled, page numbered via the software, and stored on a secure Board of Trustees website portal. Materials that are not confidential will remain available to the public.

Board members may access the secure portal at any time using any computer with a high-speed internet connection and using secure logon identification and passwords. Laptops will be used to access the materials during the meetings. Any audience member may view the public information materials being presented during the meeting through the use of a wireless access point. In a continuing effort to conserve public trust fund money, the application and architecture used for this process have been developed in house at ATRS. Look to hear more about this innovation at and after the December meeting.

### **Suggestions for Future Executive Director Updates**

I want to ensure that these Executive Director Updates are addressing matters of interest or concern to members. If you have an issue you would like to be addressed in an executive director update, then please email the issue/issues with any specifics you would like included. I will attempt to incorporate your issues into the executive director updates over time.

One upcoming executive director update will include information about Arkansas's 529 college savings plans. I serve on the 529 Board as executive director of ATRS. Arkansas has very attractive and user-friendly methods for parents, grandparents and others to build a college savings plan for a future college student. Some tax breaks and matching grants may apply.

You will be surprised about how easy it is to enroll a child. You will also learn about the easy yet versatile investment options that exist. Some are as easy as choosing the year that funds will be needed and the fund assets adjust based on length left before use. I look forward to sharing some innovative methods to help your students, children, and grandchildren build college savings accounts. The Arkansas plan has innovations such as bar coded birthday invitations that allow contributions to be made as part of a birthday present. Expect a more complete update on this in the near future.

If you have questions or need more information, please feel free to call me on my direct line at (501) 682-1820 or my cell (501) 318-5998 or email me at [georgeh@arttr.gov](mailto:georgeh@arttr.gov). In addition, if you use Twitter, you can follow events by finding the Twitter ID of ATRS or find George Hopkins in the Twitter directory. On Twitter, you will have access to day-to-day updates on ATRS happenings.

Respectfully,

George Hopkins